

2016 SDRS Legislation Signed Into Law

During the 2016 Legislative Session, three bills were introduced by the Retirement Laws Committee on behalf of the South Dakota Retirement System (SDRS) Board of Trustees. All three bills passed through each house of the Legislature and were signed into law by the Governor.

Senate Bill 13: New Benefit Design for New SDRS Members After June 30, 2017

The most significant bill signed into law pertains to a new benefit design for members joining SDRS on or after July 1, 2017. This new benefit design does not impact the benefit design in place for current SDRS members. SDRS will continue as one plan with two benefit designs. The costs of the two designs, as well as the value of the benefits, are equivalent, as detailed on page 3 of this newsletter.

Members who join prior to July 1, 2017, including retirees and current members of the system, will be called Foundation members. Future members joining SDRS on and after July 1, 2017, will be referred to as Generational members.

The Generational benefit design significantly reduces or eliminates subsidies inherent in the existing Foundation benefit design, allowing Generational members to receive greater benefits at normal retirement and enhancing equity for all

members. Additionally, Generational members will have flexible benefits through a Variable Retirement Account (VRA), allowing them to share in the successes of the South Dakota Investment Council. The benefits available to Foundation members and future Generational members are outlined on page 2 of this newsletter.

The benefit structure of the Generational design addresses lengthening life expectancies, increasing market volatility, and evolving employer workforce objectives. By applying the benefit design changes for future members only, legal issues and retirement planning concerns for Foundation members are avoided.

Senate Bill 14: Provision “Clean Up”

This bill revises certain provisions and repeals others to more accurately reflect the administration of SDRS.

Senate Bill 15: SDRS Representative as Member of SDIC

SB 15 provides that the executive director of SDRS is an ex officio voting member of the South Dakota Investment Council (SDIC). To maintain the connection between SDRS

and SDIC, the SDRS Board of Trustees has consistently appointed, on an annual basis, the executive director to serve as its representative on the SDIC. The Board of Trustees will no longer be required to make the annual appointment to SDIC.



South Dakota Retirement System

222 East Capitol Avenue, Suite 8
P.O. Box 1098
Pierre, SD 57501-1098

Phone Number: 1-888-605-SDRS (7377)

Fax: 605-773-3949

Web: www.sdrs.sd.gov

Email: SDRSweblink@state.sd.us



Foundation and Generational Members' Benefit Designs

All current active, inactive, and retired SDRS members, as well as new members joining prior to July 1, 2017, will be Foundation members. Generational members will be

those who join SDRS on and after July 1, 2017. Below is a brief overview of the benefit designs for the two membership groups.

Foundation Members

Joined SDRS prior to July 1, 2017

Normal Retirement Age

- Age 65 for Class A and B Judicial
- Age 55 for Class B Public Safety

Special Early Retirement

- Class A: Rule of 85
- Class B Judicial: Rule of 80
- Class B Public Safety: Rule of 75

Early Retirement Age: 3%/year reduction in benefit

- Age 55 for Class A and B Judicial
- Age 45 for Class B Public Safety

Base Benefits

- Class A: 1.55%
- Class B Public Safety: 2%
- Class B Judicial: 3.33%/ 2%

No Variable Retirement Account (VRA)

Other Features

- Three-year vesting
- Three-year Final Average Compensation
- 60% post-retirement survivor benefit
- COLA based on SDRS funded status and indexed to CPI
 - Minimum: 2.1%
 - Maximum: 3.1%
- Refund: 100% of member contributions; 85% of employer contributions (50% if not vested)

Generational Members

Joined SDRS on/after July 1, 2017

Normal Retirement Age

- Age 67 for Class A and B Judicial
- Age 57 for Class B Public Safety

No Special Early Retirement

Early Retirement Age: 5%/year reduction in benefit

- Age 57 for Class A and B Judicial
- Age 47 for Class B Public Safety

Base Benefits

- Class A: 1.8%
- Class B Public Safety: 2%
- Class B Judicial: 3.33%/ 2%

Variable Retirement Account (VRA): Annual contribution of up to 1.5% of compensation; credited with South Dakota Investment Council earnings; available to member at retirement, disability, or death

Other Features

- Three-year vesting
- Five-year Final Average Compensation
- Single life benefit; 60% or 100% post-retirement survivor benefit available with cost covered by a reduction in member's monthly benefit
- COLA indexed to CPI and based on SDRS funded status
 - Minimum: 1.0%
 - Maximum: 3.1%
- Refund: 100% of member contributions; 85% of employer contributions (50% if not vested)

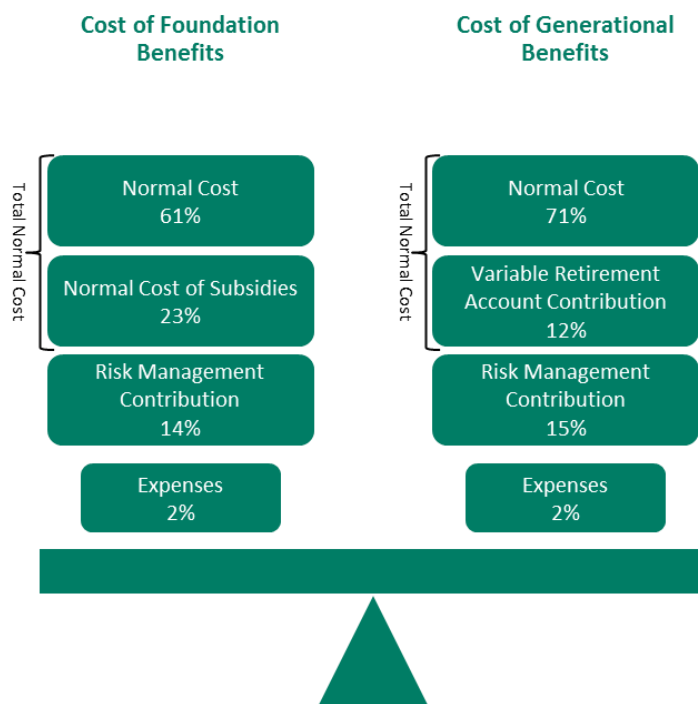
A note regarding members who terminate employment prior to July 1, 2017: Foundation members who leave their funds with SDRS upon termination of employment and return to SDRS-covered employment after July 1, 2017, will remain Foundation members. Foundation

members who forfeit their right to benefits by taking a refund and then rejoin the system after July 1, 2017, will be Generational members under the Generational benefit design.

Foundation and Generational Benefit Designs Are Cost Equivalent

Beginning July 1, 2017, SDRS will continue to be one system but with two different benefit designs. The Generational benefit design restructures benefits at the same cost as the Foundation benefit design, thereby avoiding a situation where new members subsidize the benefits of existing members or vice versa. The differences between the benefit designs do not constitute a cut in benefits. Simply put, Generational benefits were redesigned to reduce or eliminate subsidies and increase the sustainability of SDRS for all members. The chart to the right illustrates the cost structure for each benefit design.

By addressing the subsidies within the Foundation benefit design, the Generational benefit design brings equity among the membership classes, equity between members who choose to retire early and those who do not, and equity between single and married members. The addition of the Variable Retirement Account provides Generational members with funds that have the flexibility to fit their lifestyles.



Authorized Agent Training Sessions Offered Statewide

AUTHORIZED AGENT TRAINING SESSIONS			
DATE	LOCATION	ADDRESS	TIME
04/26/2016	Rapid City, Hilton Garden Inn	815 E Mall Drive	1:00—3:00 PM
06/21/2016	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	1:00—3:00 PM
07/05/2016	Pierre, Red Rossa	808 W Sioux Avenue	1:00—3:00 PM
07/20/2016	Watertown, Event Center	1901 9th Avenue SW	1:00—3:00 PM
08/16/2016	Yankton, Kelly Inn	1607 E Highway 50	1:00—3:00 PM
09/15/2016	Spearfish, Holiday Inn	I-90 Exit 14	1:00—3:00 PM
11/01/2016	Mitchell, Highland Conference Center	2000 Highland Way	1:00—3:00 PM
12/13/2016	Brookings, Swiftel Center	824 32nd Avenue	1:00—3:00 PM
To register for an Authorized Agent training session, visit the Events section of the SDRS website at www.sdrs.sd.gov. You may also register by emailing SDRSweblink@state.sd.us or by calling the SDRS office at 1-888-605-SDRS.			

The information presented in Update is neither a legal reference nor a complete statement of South Dakota laws or administrative rules. In any conflict between this information and South Dakota laws or administrative rules, the laws and administrative rules shall prevail.

UpDate is produced to communicate the plan provisions, changes in law, and issues of interest to authorized agents of the South Dakota Retirement System. It is published with funds provided through the contributions of teachers, school boards, state government, state employees, county commissions, county employees, municipal governments, municipal employees, and other local units and employees.

Upcoming SDRS Membership Events

To schedule an appointment for an individual retirement counseling session, members may contact SDRS at 1-888-605-SDRS. To register for a workshop, members are encouraged to visit the Events section of the SDRS website at www.sdrs.sd.gov or contact SDRS at 1-888-605-SDRS. For a complete listing of SDRS events, visit www.sdrs.sd.gov.

INDIVIDUAL RETIREMENT COUNSELING SESSIONS

DATE	LOCATION	ADDRESS	30-MINUTE SESSION TIMES AVAILABLE
04/20/2016	Lemmon, Dakota Lodge	5 10th Street E	2:00—8:00 PM
05/03/2016	Webster, Courthouse	711 W 1st Street	2:00—8:00 PM
05/10/2016	Rapid City (School Employees), Hilton Garden Inn	815 E Mall Drive	2:00—8:00 PM
05/11/2016	Rapid City (School Employees), Hilton Garden Inn	815 E Mall Drive	8:00 AM—8:00 PM
05/17/2016	Sioux Falls (School Employees), Holiday Inn City Centre	100 W 8th Street	2:00—8:00 PM
05/18/2016	Sioux Falls (School Employees), Holiday Inn City Centre	100 W 8th Street	8:00 AM—8:00 PM
05/31/2016	Canton, Canton Depot	600 W 5th Street	2:00—8:00 PM
06/07/2016	Springfield, Community Room	605 8th Street	2:00—8:00 PM
06/14/2016	Milbank, Super 8	East Highway 12	2:00—8:00 PM
06/28/2016	Kadoka, Fire Hall	102 Main Street	2:00—8:00 PM

EARLY & MID-CAREER WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
07/06/2016	Yankton, Kelly Inn	1607 E Highway 50	At Each Location 6:00—8:00 PM
07/12/2016	Watertown, Event Center	1901 9th Avenue SW	

PRE-RETIREMENT PLANNING WORKSHOPS & RETIREE FORUMS

DATE	LOCATION	ADDRESS	TIME
04/26/2016	Rapid City, Hilton Garden Inn	815 E Mall Drive	At Each Location Retiree Forums: 3:00—4:00 PM Pre-Retirement Workshops: 5:30—8:00 PM
05/24/2016	Watertown, Event Center	1901 9th Avenue SW	
06/21/2016	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	
07/05/2016	Pierre, Red Rossa	808 W Sioux Avenue	

WOMEN & FINANCIAL PLANNING WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
04/18/2016	Yankton, Kelly Inn	1607 E Highway 50	At Each Location 5:15—7:30 PM
06/08/2016	Mitchell, Highland Conference Center	2000 Highland Way	
07/13/2016	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	